



FAIR POLITICAL PRACTICES COMMISSION

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July 7, 2009

Tom Wheeler
California Contractors Network, Inc.
2151 Convention Center Way #203
Ontario, CA 91764

RE: Warning Letter
FPPC No. 06/414; California Contractors Network, Inc.

Dear Mr. Wheeler:

The Fair Political Practices Commission ("Commission") enforces the provisions of the Political Reform Act (the "Act") found in Government Code Section 81000, and following. As you may be aware, the Commission was investigating whether California Contractors Network, Inc. ("CCN") was in violation of the campaign reporting provisions of the Act because of CCN's contributions to various California committees in 2004, 2008, and 2009. The Commission has decided to close this case with this warning letter.

In May 2006, the Enforcement Division of the Commission sent you a questionnaire regarding the two contributions made by CCN in 2004. In your response to the questionnaire, you stated that employee assessments or contributions and membership dues or assessments provided the revenues used to fund those contributions. The Act defines a "committee" to include any person or combination of persons who receives contributions or makes expenditures of \$1,000 or more in a calendar year. (Section 82013, subd. (a).) Such a committee is commonly referred to as a recipient committee.¹ The Act requires a recipient committee to file a statement of organization with the Secretary of State within 10 days of qualifying as a committee. (Section 84101.) Additionally, the Act requires such committees to file semi-annual campaign statements. (Section 84200.) Special rules apply to multi-purpose organizations, such as CCN, qualifying as recipient committees. (FPPC Regulation 18215, subd. (b)(1).)

Based on the evidence obtained during this investigation, it appears that CCN qualified as a major donor committee in October 2004, by making contributions totaling

¹ The Act also defines a committee to include any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of candidates or committees. (Section 82013, subd. (c).) However, these committees, commonly called major donor committees, do not receive contributions from others for the purpose of making contributions.

\$20,000 during a short time span, and then qualified as a recipient committee when CCN made additional contributions totaling \$10,000 on or about March 25, 2008. Recently, CCN made another contribution of \$10,000 and filed with the California Secretary of State's office as a Major Donor Committee on May 29, 2009. CCN did not file the required semi-annual campaign statement for the October 2004 contributions, did not file as a recipient committee once it made the March 2008 contributions, and mistakenly filed as a major donor committee instead of registering as a recipient committee to report the May 8, 2009, contribution. We have nevertheless decided to close this case regarding these violations, based in part on the fact that CCN disclosed the 2009 contribution by filing as a major donor committee. Therefore, we are closing this case with a warning letter.

This letter serves as a written warning. You are advised that CCN's failure to comply with the provisions of the Act in the future could result in an enforcement action. Additionally, the information in this case will be retained, and may be used against CCN should an enforcement action later become necessary based on future conduct and/or newly discovered information. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to \$5,000 for each violation.

If CCN contemplates making contributions to California committees or candidates in the future, you should call the Commission for assistance. The Commission publishes forms and manuals to facilitate compliance with the provisions of the Act and provides guidance regarding filing obligations over the telephone and through written advice. Please call the Commission's Technical Assistance Division at 1-866-275-3772 or visit our website at www.fppc.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Galena West", with a long, sweeping horizontal stroke extending to the right.

Galena West
Senior Commission Counsel
Enforcement Division